

THE HEAD AND THE HEART

There are obvious, quantifiable traits job seekers consider when evaluating a new position: the commute, the pay, the job description, the benefits, and the hours. It's relatively easy to compare the attributes of each potential position and accept or reject a job because it just makes sense to do so.

THAT'S BECAUSE *THE HEAD*, OR PRACTICALITY, ATTRACTS PEOPLE TO JOBS.

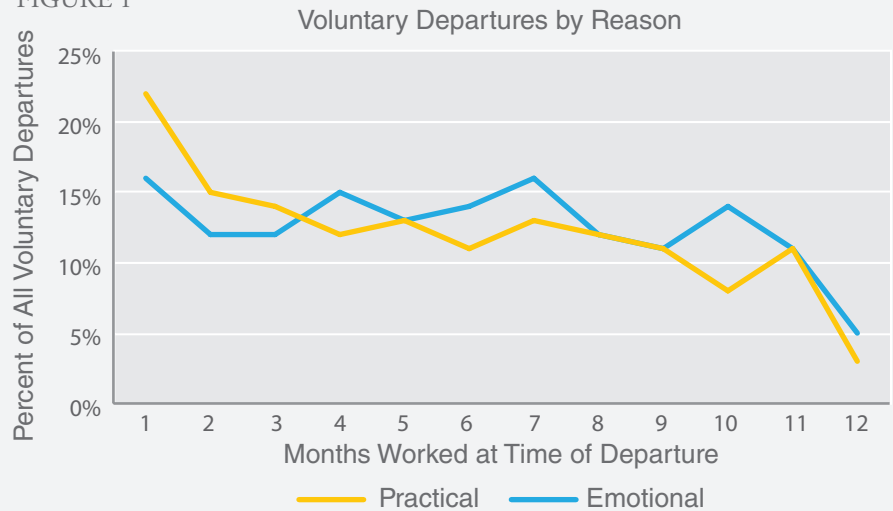
But what keeps them around?

Think about all of the jobs you've ever held. Which one was your favorite? Maybe in high school, it was the low-stress lifeguarding position where you made a ton of friends; maybe right after college, it was an entry-level position that opened your eyes to a new world through mentorship from a colleague. Your favorite jobs made logical sense at the time—they paid money, you were fine with the commute, and you knew the hours—so you took them; however, you probably returned to the pool a few extra summers even when you could've earned more elsewhere, and you've retained positive feelings based on a set of attributes you could not evaluate when you first applied.

THAT'S BECAUSE RETENTION HINGES ON *THE HEART*.

Once someone is in your door, you know they're relatively comfortable with your wages, your benefits, your operating hours, their commute, and the like. It should be a given you need to continually adjust these things to remain competitive as the world changes, but this is not the area you need to focus on to optimize retention. You need to cultivate an environment that speaks to your employees' emotional needs—their hearts. How do we know? We took a closer look at all voluntary turnover in 2015 among our associates (see Figure 1). We compared quits for practical reasons (like commute distance and shift hours) against quits due to emotional factors (like not feeling respected and lack of advancement opportunities), and what we found is, over time, the emotional factors exceed the logical ones. This means the longer employees stay with your company, the greater the need for the things that keep them happy and engaged and foster a sense of affection. There are certainly life events that will always drive a few employees away, but with a little work and some ingenuity, you have unbelievable opportunity to retain everyone else (remember that lifeguard job?!).

FIGURE 1



By now, you're probably thinking to yourself: What about pay? They didn't mention pay as a quit factor! That's because we excluded wage-related turnover in our analysis. Why? Because if pay is not adequate, it will always overshadow any and all other needs. A competitive pay strategy has to be the foundation of a successful retention strategy. We simply buffed the tarnish off the silver to obtain an unclouded reflection.

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SO, WHAT'S OUR RECIPE FOR SUCCESS?

We work hard to listen to workers to find out what makes them tick—or, rather, what keeps them ticking at one place. In mid-2015, we conducted a study¹ where we analyzed thousands of answers from internal employee surveys and in-person associate interviews. Through this, we identified seven factors that are most strongly correlated with employees reaching a state of harmony at work—or, in other words, a state of comfort or happiness with their work environment. Not surprisingly, none of the factors we identified are part of a list of practical reasons employees are initially attracted to a job; none can be experienced by reading a job post or looking around during an interview. The things that matter most in the long run to employees are the unique, intangible parts of company culture that only become apparent over time.

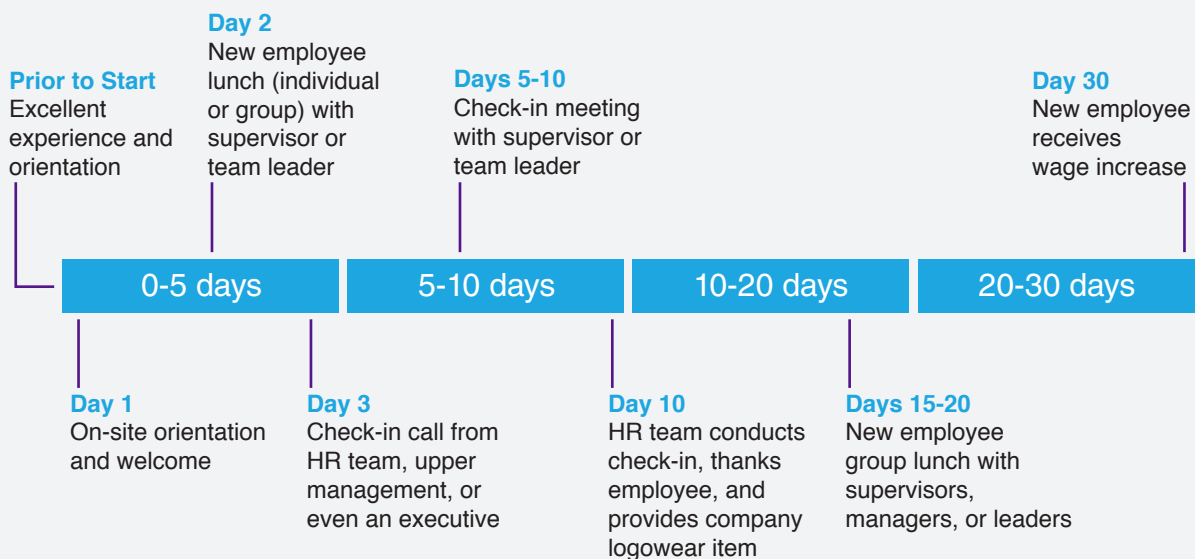
To meet each need listed above multiple times over, we believe there are four steps you can take.



STEP 1: PROVIDE AN EXCELLENT START WITH A 30-DAY HIGH-TOUCH PLAN

Our proprietary data shows up to 40% of turnover can occur in the first 30 days of employment; furthermore, an external study shows 4% of workers across the nation have quit on the first day due to a disastrous welcoming.² By implementing a well-designed, well-executed, high-touch welcoming and onboarding process, you mitigate the risks of new employees falling through the cracks, feeling lost or unwelcome, or leaving your company too early. A critical component of your onboarding plan is training the folks involved to do their parts.

Here's a sample timeline:



¹Elwood Staffing. The Seven Wonders of the Work(place): Climbing Maslow's Pyramid. Rep. N.p., 6 July 2015. Web. <www.elwoodstaffing.com/whitepapers>.
²Moscato, D. (2005). "Using Technology to Get Employees On Board," HR Magazine, April: 107-109.

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STEP 2: FOCUS ON INCLUSION

Your goal is to achieve a work environment in which all individuals are treated fairly and respectfully, have equal access to opportunities and resources, and can contribute fully to your organization's success. As much as possible, you must avoid any practice that creates disparity between sets of employees. After all, everyone works together to make the same products and serve the same customers.

Here are a few practices we suggest:

- Include all employees in communications and meetings, where practical
- Provide equal benefits, such as holiday pay, paid time off, and/or shutdown pay, to all employees regardless of tenure or position
- Design employee perks such as cookouts, family days, and bonuses so that all employees can participate
- Train and hold accountable supervisors, managers, and executives to treat all employees with high regard and address each by name

STEP 3: BUILD SOCIAL CONNECTIONS

Applicants who have friends or acquaintances at a particular employer are more likely to seek work there and, once hired, stick around. We know this because the greatest percentage of our applicants—over 30%—come to us as referrals from thousands of working associates, a trend on par with other employers. This indicates relationships are just as important to current employees as they are to the job seekers they refer.

Here are a few practices we suggest:

- Provide nametags so employees can learn and address each other by name
- Implement an attractive referral bonus program and promote it heavily
- Consider establishing social clubs to forge relationships between like-minded workers, such as the following:
 - Book*
 - Hunting / fishing*
 - Scrapbook*
 - Running / fitness*
 - Motorcycle*
 - Volunteerism*

STEP 4: MAINTAIN A POSITIVE REPUTATION

Over 80% of job seekers say online employer reviews influence their decisions on whether to apply or not, and nearly 50% say company reputation has a significant impact on whether they accept a job offer or not.³ Your reputation is so important, and you must consider and proactively manage all elements of your reputation:

Understand your reputation:

- **General brand awareness:** Do people know about and trust your company?
- **Work environment:** Do people consider you to be a good employer with a positive culture?
- **Social:** Do people believe your company to be socially and environmentally responsible?

Manage your reputation:

- **Be proactive.** Ask happy customers and employees to complete online reviews; unhappy people will always complain first.
- **React.** Seek to collect and understand negative reviews, and take action to correct them.
- **Ask.** Ask for feedback—from anyone who will give it—and continually improve.

SELF-ASSESSMENT TOOL: HOW DOES YOUR COMPANY RATE?

Are you maximizing your recruiting and retention efforts?

	Needs Improvement	Average	Strong
Starting Pay			
Pay Progression			
Inclusion			
Onboarding ("strong start")			
Social Connectivity			
Reputation			
Flexibility (e.g., attendance, schedules)			
Opportunities for Advancement			
Advanced Training			
Strong Safety Culture			
Quality Supervisors			
Stability of Work			

³Indeed. "Indeed Surpasses 4 Million Employer Reviews." Web log post. Indeed Blog. N.p., 29 Jan. 2014. Web. 12 Dec. 2015.

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BUILDING BLOCKS: YOUR COMPETITIVE PAY STRATEGY

The “Recipe for Success” previously outlined hinges upon the existence of a competitive pay strategy. We define a competitive pay strategy as one that offers starting wages at least \$2.25/hr above the local minimum wage, at or above the 50th percentile when compared to local wages for similar positions, and inclusive of a well-defined and attainable pay progression schedule.

1 As shown in Figure 1, voluntary departures based specifically on pay drop off dramatically as pay soars above minimum wage. The reason for this is very obvious: Associates need to make enough money to sustain themselves or a family, and, often, minimum wage—or close to it—is simply not enough. Much like research in human motivation suggests, people have to fulfill the most basic needs before they are able to address others. When pay is too low, employees depart in droves in search of fulfillment of this basic need, regardless of other retention measures you have in place. It’s around \$2.25/hr above the minimum wage where we first see the steepest decline in departures cited specifically for pay.

Figure 1

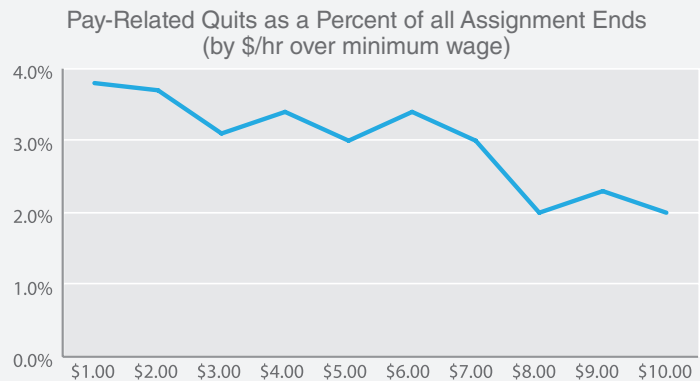
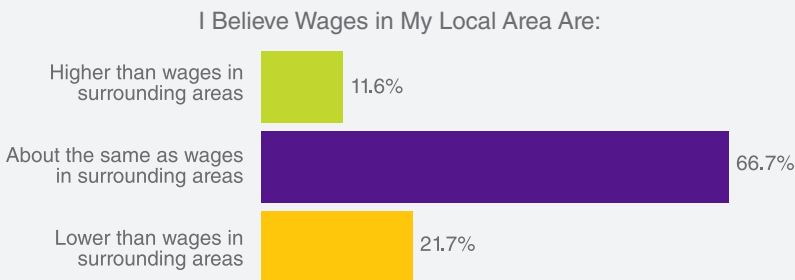


Figure 2



2 As shown in Figure 2—data from our ASI—78% of job seekers feel as if wages offered locally are the same or higher than wages offered in surrounding areas. We can extrapolate this to mean 78% of job seekers see little to no difference in the wages they can attain from one employer to the next. In order to stand out in this commoditized environment, you need to pay in the upper half, ideally in the

upper 25%. How do you know if you’re meeting this standard? Each year we publish a report based on our annual wage survey that allows you to access detailed information about wages offered in your region. You can find a copy of this report in the Business Resource Center on our website. Higher-than-average starting pay will bring candidates in your doors and retain them during the critical first weeks of employment.

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3 As shown in Figures 3 and 4, pay progression is the perfect complement to higher-than-average starting wages. As noted above, high starting pay will get people in the door and keep them entertained long enough to partially buy into your company; however, the honeymoon period will eventually end, and stagnant pay will lower an employee's buying power—hardly the way to reward an employee for longevity and hardly a reason for an employee to stick around.

Figure 3

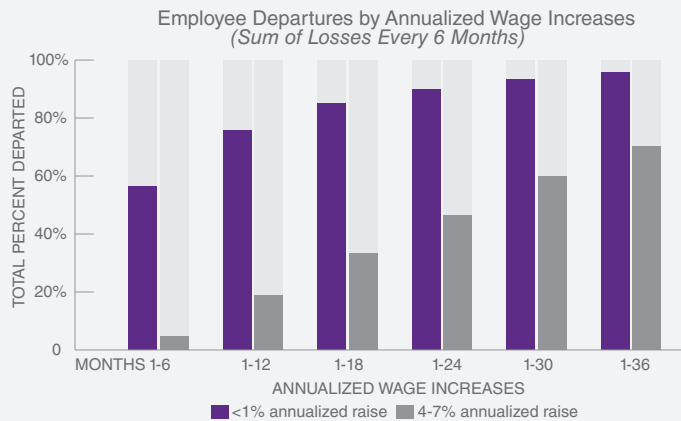
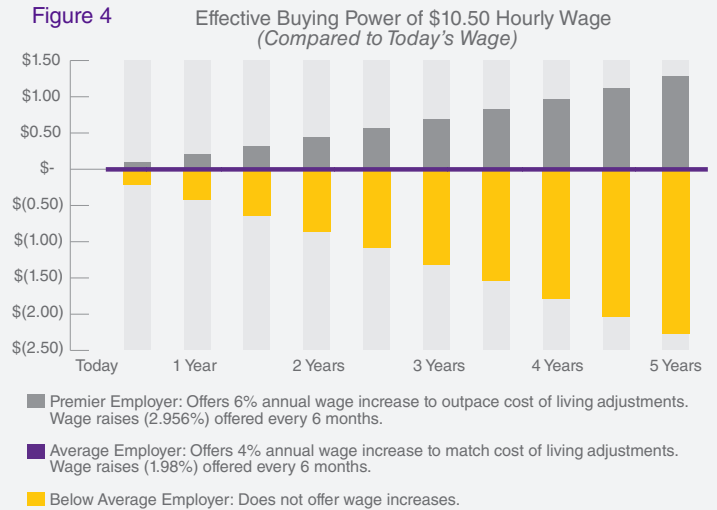


Figure 4



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